Costs and Benefits of Paid Family and Medical Leave in the District of Columbia

September 29, 2015

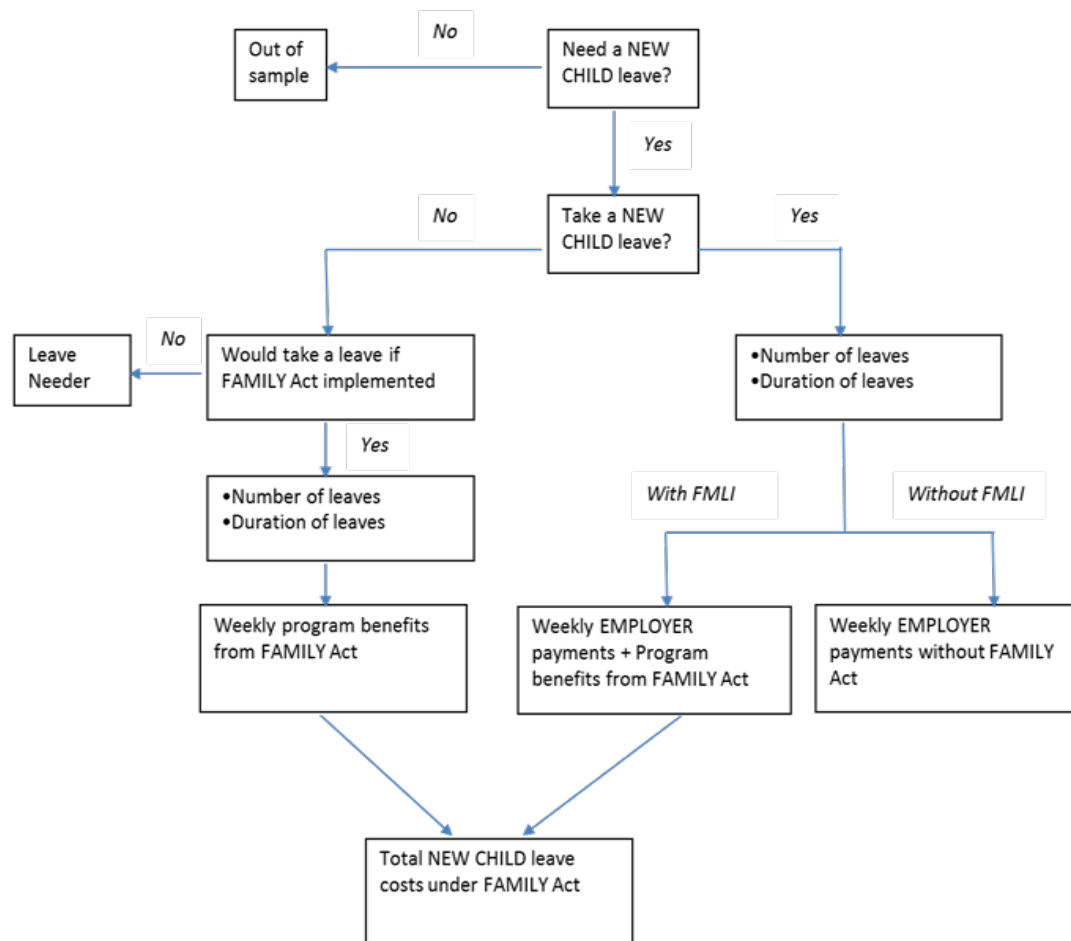Jeffrey Hayes, PhD
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Policy Scenarios

- Current policy is used as baseline
    a. DC's FMLA providing 16 weeks of unpaid leave for family and medical needs
    b. Covered employers of 20 or more and employees who have worked 1,000 hours
- Private employers providing paid family leave similar to the DC government policy
    a. 8 weeks of fully paid leave for family reasons (new children and family care)
    b. DC FMLA -- Cover employers of 20 or more and employees who have worked 1,000 hours
- Private employers providing paid family AND MEDICAL leave similar to the DC government
    a. 8 weeks of fully paid leave for family and medical leaves
    b. DC FMLA -- Cover employers of 20 or more and employees who have worked 1,000 hours
- Partially paid Federal FMLA
    a. 12 weeks of partially (66%) paid leave for family and medical leave
    b. Federal FMLA -- Cover employers of 50 or more and employees who have worked 1,250 hours
- Fully paid Federal FMLA
    a. 12 weeks of fully paid leave for family and medical leave
    b. Federal FMLA -- Cover employers of 50 or more and employees who have worked 1,250 hours
- Partially paid DC FMLA
    a. 16 weeks of partially (66%) paid leave for family and medical leave
    b. DC FMLA -- Cover employers of 20 or more and employees who have worked 1,000 hours
- Fully paid DC FMLA
    a. 16 weeks of fully paid leave for family and medical leave
    b. DC FMLA -- Cover employers of 20 or more and employees who have worked 1,000 hours

Simulation Model: Simplified Example of New Child Leaves

No — Out of sample ← Need a NEW CHILD leave?

Yes ↓

No — Take a NEW CHILD leave? — Yes

Would take a leave if FAMILY Act implemented — No → Leave Needer

•Number of leaves
•Duration of leaves

Yes ↓

•Number of leaves
•Duration of leaves

With FMLI   Without FMLI

Weekly program benefits from FAMILY Act

Weekly EMPLOYER payments + Program benefits from FAMILY Act

Weekly EMPLOYER payments without FAMILY Act

Total NEW CHILD leave costs under FAMILY Act

- Using a simulation model we developed (IWPR/LRC Family and Medical Leave Simulation Model) in mid 2005 and updated with current labor force data, Current Population Surveys for 2012-14. Our methodology is based on a sophisticated simulation model that estimates many behavioral patterns and applies them to the specific characteristics of the DC work force.
- We are also able to estimate the number of leaves, the characteristics of the leaves (length, wage replacement) and the characteristics of workers taking leaves.
- Specifically, our model:
  o Estimates probabilities of taking a leave (or multiple leaves) by type of leave, eligibility, and important demographic characteristics of the leave-taker.
  o Estimates length of leave taking by type of leave and degree to which there is employer pay.
  o Simulates paid program leave taking behavior based on family income levels and the existence and level of employer-paid leave benefits.
  o Allows for an analysis of leave takers by gender, age, marital status, race, ethnicity, family income, and other demographic characteristics, both in the absence of a program and with a new plan.
  o Estimates the amount of lost wages, employer pay while on leave, and paid leave program benefits for all leave takers.

Data Used

Simulation model is based on:

- 2000 Family and Medical Leave Act Survey data for the behavioral estimation.
- 2012-2014 Current Population Survey Annual Social and Economic Supplements for the DC area labor force characteristics
- 2013 American Community Survey for adjusting results to the commuting patterns of workers in the DC area by age, race/ethnicity, gender, education, and occupation.

Multiple data sources were used for estimating program take up rates as input to the simulation models.
- California Employment Development Department program statistics on claims filed for short-term disability insurance (SDI) and paid family leave insurance (PFL)
- New Jersey Department of Labor and Workforce Development program statistics on claims filed for temporary disability insurance (TDI) and family leave insurance (FLI)
- 2013 American Community Survey to estimate the number of workers with a child under age one in the household for the population at risk of needing a new child leave
- 2012-2014 Current Population Surveys Outgoing Rotation Groups for estimating the number of workers per year who were absent from work during the survey reference week for (1) Own illness/injury/medical problems, (2) Other family/personal obligation, or (3) Maternity leave to estimate the need for leaves for own serious health conditions, family care demands, and maternity-related disability, respectively.

Program Take Up Rates Estimated from California and New Jersey			
	California	New Jersey*	Used for Modeling
Own Health**	53.2%	34.8%	55%
Maternity-related Disability**	36.0%	25.1%	36%
New Child Bonding**	45.3%	28.7%	50%
Family Care -- All Relations**	5.7%	11.5%	15%
Average weekly benefit (2012)			
Disability Insurance	*$464*	*$423*	
Paid Family Leave	*$517*	*$487*	

* Based on claims reported for state plan adjusted for share of NJ workforce covered by state plans (70.5% for TDI and 95.3% for FLI).

** For New Child Bonding, denominator is based on 2013 American Community Survey data for employed individuals with a child under age 1 in the household. For Own Health, Maternity-related Disability, and Family Care, the denominator is based on 2012-2014 Current Population Survey Outgoing Rotation Groups Reason for Absence from Work in the reference week.

Estimated Number of Leaves Taken and Number Accessing Program Benefits Under Different Program Designs

	Total Leaves Taken	Leaves Accessing Program Benefits
Current Policy	69,958	NA
DC Gov't for Private workers - Family	77,006	9,324
DC Gov't for Private workers - Family & Medical	74,897	28,045
Partially Paid Federal FMLA	74,417	10,952
Fully Paid Federal FMLA	74,680	12,189
Partially Paid DC FMLA	75,873	15,297
Fully Paid DC FMLA	75,266	15,419

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Current Annual Leaves and Total Per Worker Wage Costs by Type of Leave for Private Workers Employed in DC

	Own Health	Maternity & Bonding	Family Care	All Leaves
Total Leaves	35,917	12,792	21,248	69,958
Number Receiving Program Benefits	NA	NA	NA	NA
Total Annual Cost (millions)				
Program Benefits	NA	NA	NA	NA
Employer Wage Benefits	$70.7	$28.6	$16.7	$115.9
Employee Uncompensated Time	$242.8	$101.4	$49.2	$393.4
Total	$313.4	$130.0	$65.9	$509.4
Annual Cost per Total Employees				
Program Benefits	NA	NA	NA	NA
Employer Wage Benefits	$125	$50	$29	$204
Employee Uncompensated Time	$428	$179	$87	$693
Total	$552	$229	$116	$898

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Leaves and Total Per Worker Wage Costs by Type of Leave Under Program Like DC Government Covering Private Workers in DC for Family and Medical Leaves

	Own Health	Maternity & Bonding	Family Care	All Leaves
Total Leaves	38,313	14,006	22,578	74,897
Number Receiving Program Benefits	19,117	6,098	2,829	28,045
Total Annual Cost (millions)				
Employer Wages for Covered Time	$85.1	$29.6	$6.1	$120.8
Other Employer Wages	$41.2	$18.9	$18.7	$78.8
Employee Uncompensated Time	$225.7	$89.7	$53.3	$368.7
Total	$351.9	$138.2	$78.1	$568.3
Annual Cost per Total Employees				
Employer Wages for Covered Time	$150	$52	$11	$213
Other Employer Wages	$73	$33	$33	$139
Employee Uncompensated Time	$398	$158	$94	$650
Total	$620	$244	$138	$1,002

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Annual Leaves and Total Per Worker Wage Costs by Type of Leave Under Partially Paid Federal FMLA for Private Workers in DC

	Own Health	Maternity & Bonding	Family Care	All Leaves
Total Leaves	37,931	13,407	23,079	74,417
Number Receiving Program Benefits	7,891	2,261	800	10,952
Total Annual Cost (millions)				
Program Benefits	$29.5	$10.6	$1.3	$41.4
Employer Wage Benefits	$59.8	$25.0	$18.4	$103.2
Employee Uncompensated Time	$252.6	$101.3	$52.0	$405.9
Total	$341.8	$136.9	$71.7	$550.5
Annual Cost per Total Employees				
Program Benefits	$52	$19	$2	$73
Employer Wage Benefits	$105	$44	$32	$182
Employee Uncompensated Time	$445	$179	$92	$715
Total	$603	$241	$126	$970

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Annual Leaves and Total Per Worker Wage Costs by Type of Leave Under Partially Paid DC FMLA for Private Workers in DC

	Own Health	Maternity & Bonding	Family Care	All Leaves
Total Leaves	38,471	13,784	23,011	75,266
Number Receiving Program Benefits	11,220	3,283	917	15,419
Total Annual Cost (millions)				
Program Benefits	$86.0	$31.3	$3.9	$121.2
Employer Wage Benefits	$54.1	$19.4	$17.0	$90.5
Employee Uncompensated Time	$231.7	$80.8	$52.0	$364.5
Total	$371.7	$131.5	$73.0	$576.3
Annual Cost per Total Employees				
Program Benefits	$152	$55	$7	$214
Employer Wage Benefits	$95	$34	$30	$160
Employee Uncompensated Time	$408	$142	$92	$643
Total	$655	$232	$129	$1,016

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Percent of Leaves with No Compensation During Family and Medical Leaves for Private Workers in DC

	Current Policy	DC Government for Family and Medical Leaves	Partially Paid Federal FMLA	Fully Paid DC FMLA
Total	26.8%	19.9%	27.1%	25.8%
Gender				
Men	22.1%	17.9%	23.4%	22.2%
Women	30.1%	21.4%	29.9%	28.4%
Race & Ethnicity				
White	21.3%	16.7%	20.6%	20.7%
Black	30.8%	22.5%	33.0%	29.9%
Hispanic	38.7%	26.1%	38.7%	36.7%
Other/Mixed	24.7%	17.8%	23.9%	21.9%
Age				
Less than 35	34.3%	24.3%	34.8%	32.0%
35-44	23.1%	19.5%	24.3%	22.6%
45-54	21.8%	15.7%	23.4%	20.6%
55+	26.0%	18.2%	22.8%	26.3%
Educational Attainment				
HS or Less	39.0%	27.3%	40.2%	37.7%
Some College/Associates	33.6%	22.8%	35.4%	31.3%
Bachelors	21.9%	16.7%	21.7%	20.5%
Postgrad	17.0%	14.7%	16.5%	17.5%
Work Schedule				
Part-time	44.6%	31.7%	46.5%	45.7%
Full-time	23.6%	17.8%	23.7%	22.4%
Family Income				
< $25K	55.4%	36.2%	53.8%	50.0%
$25K - 49.9K	37.7%	26.6%	34.8%	36.2%
$50K - 74.9	26.1%	19.0%	27.9%	27.4%
$75K - 99.9	24.0%	17.5%	24.9%	21.9%
$100K+	16.3%	14.2%	17.4%	16.3%

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.